

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 ICA-11 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 COME-00
CIAE-00 DODE-00 INR-10 NSAE-00 PA-01 L-03 FRB-03
/083 W

-----060431 191548Z /41

R 181403Z APR 78
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2646

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E.O. 11652: N/A
TAGS: EFIN, IS
SUBJECT: ISRAEL'S BALANCE OF PAYMENTS -1977

REFS: (A) TEL AVIV 992, (B) TEL AVIV 4979

1. BEGIN UNCLASSIFIED: THE CENTRAL BUREAU OF STATISTICS (CBS)
HAS RELEASED PRELIMINARY FIGURES FOR THE CALENDAR YEAR
1977 BALANCE OF PAYMENTS AND REVISED FIGURES FOR 1976.
AVAILABLE STATISTICS ARE FOR THE GOODS AND SERVICES,
TRANSFER, AND OFFICIAL RESERVE ACCOUNTS. CAPITAL ACCOUNT
FIGURES WILL BE RELEASED LATER. COMPLETE TABLE WILL BE
TRANSLATED AND POUCHED NEA/IAI. SUMMARY FOLLOWS:

	CY 77	CY 76	CY 75
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(IN MILLIONS OF DOLLARS)

GOODS & SVS. (NET)	MINUS 2,560	MINUS 3,316	MINUS 4,061
EXPORT OF GOODS & SVS.	5,560	4,430	3,766
IMPORTS OF GOODS & SVS.	8,120	7,746	7,827
MERCHANDISE			

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(NET)	MINUS 2,036	MINUS 2,652	MINUS 3,471
EXPORT OF GOODS (FOB)	3,391	2,670	2,181
IMPORT OF GOODS (FOB)	5,427	5,302	5,652
OF WHICH:			
DEFENSE IMPORTS	942	1,496	1,846
SERVICES (NET) MINUS	524	MINUS 664	MINUS 590

EXPORT OF				
SERVICES	2,169	1,760	1,585	
IMPORT OF				
SERVICES	2,693	2,424	2,175	
TRANSFERS				
(NET)	2,005	2,224	1,770	
RESTITUTION				
FROM GERMANY	345	314	359	
PERSONAL REMIT-				
TANCE (NET)	279	250	363	
INSTITUTIONAL				
TRANSFERS	460	538	506	
INTERGOVERNMENTAL				
TRANSFERS	921	1,122	642	
BALANCE ON GOODS,				
SVS.& TRANSFERS MINUS	555	MINUS 1,092	MINUS 2,291	
CAPITAL EXCL. ASSETS				
OF CENTRAL BANKING				
INSTITUTION (NET)	N/A	1,054	2,022	
ASSETS IN FOREIGN				
CURRENCY & RELATED				
LIABILITIES OF CEN-				
TRAL MONETARY INSTI-				
TUTIONS	MINUS 237	MINUS 30	PLUS 148	
STATISTICAL				
DISCREPANCY	N/A	68	121	
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2. THE REVISIONS OF DATA INCLUDE CHANGES IN THE TRADE AGGREGATES THEMSELVES AS WELL AS REALLOCATION WITHIN THE MERCHANDISE AND SERVICE CATEGORIES FOR PURELY STATISTICAL REASONS.

3. IN PARTICULAR, MOF ECONOMISTS TELL US THAT FOR THE 1976 AND 1977 DATA, THERE HAS BEEN A REDISTRIBUTION OF FIGURES FROM DEFENSE IMPORTS TO SERVICE IMPORTS AFTER CBS STATISTICIANS DISCOVERED THAT SOME OF THE FUNDS SPENT ON DIRECT DEFENSE IMPORTS WERE ACTUALLY SPEND ON TRANSPORTATION OF FMS IMPORTS ON US SHIPS. THEREFORE, PREVIOUS CALCULATIONS OF ISRAEL'S CIVIL TRADE DEFICIT WILL HAVE TO BE SUBSTANTIALLY REVISED FOR 1976 AND 1977. IT NOW APPEARS THAT THE CIVIL TRADE DEFICITS (REF A) ARE AS FOLLOWS (1978 PROJECTION FOR NATIONAL BUDGET): 1976-\$1,820 MILLION, 1977-\$1,618 MILLION, 1978-\$1,185 MILLION (ALTHOUGH WE UNDERSTAND THAT THE 1978 PROJECTION WILL NOW BE REVISED).

4. COMMENT: THE STRATEGY THE GOI HAS FOLLOWED IN THE

PAST FEW YEARS TO IMPROVE ITS CURRENT ACCOUNT HAS
CLEARLY PAID OFF. THE DEFICIT ON GOODS AND SERVICES
HAS BEEN CUT BY \$1.5 BILLION IN THE 1975-1977 PERIOD.
WE DOUBT THAT THE PACE OF IMPROVEMENT IN THE EXTERNAL
ACCOUNTS CAN BE MAINTAINED IN COMING YEARS AS ECONOMIC
GROWTH RESUMES, BUT RECENT PERFORMANCE IS IMPRESSIVE
BY ALMOST ANY STANDARD.

5. BEGIN LIMITED OFFICIAL USE:

MOF ECONOMISTS HAVE TOLD US THAT, AFTER LOOKING
AT THE DETAILS OF THE 1977 BOP ACCOUNTS, THEY EX-
PECT THE CURRENT ACCOUNT TO WORSEN IN 1978. IN
PARTICULAR, THE CIVIL BALANCE OF PAYMENTS WILL DE-
TERIORATE SLIGHTLY AND MILITARY IMPORTS SHOULD RISE
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SHARPLY. THEIR PRELIMINARY ESTIMATE, TYPICALLY PES-
SIMISTIC, IS THAT THE DEFICIT ON GOODS AND SERVICES
COULD REACH \$2.9 BILLION IN 1978. END LIMITED
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BALANCE OF PAYMENTS DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 18 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TELAV05141
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780167-1005
Format: TEL
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780442/aaaabjzk.tel
Line Count: 141
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 099f8bab-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 TEL AVIV 992, 78 TEL AVIV 4979
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2926481
Secure: OPEN
Status: NATIVE
Subject: ISRAEL'S BALANCE OF PAYMENTS -1977
TAGS: EFIN, IS
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/099f8bab-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014